



Visit the SBA Lender home-page at www.sba.gov/banking

LENDER NEWS

U.S. SMALL BUSINESS ADMINISTRATION - DES MOINES DISTRICT OFFICE - (515) 284-4522

Issued: April 8, 2004

SPECIAL EDITION

7(a) Program Changes

President George W. Bush signed legislation Monday that will increase loan authority for the U.S. Small Business Administration's flagship 7(a) loan program by more than \$3 billion – for a total 7(a) loan appropriation of \$12.5 billion through the end of FY -04. **EFFECTIVE IMMEDIATELY:**

- **The \$750,000 loan cap is lifted.** The statutory limit for the gross amount of a 7(a) loan is now \$2 million.
- The guaranty portion of a 7(a) loan has been raised from a limit of \$1 million to a limit of \$1.5 million (thus a \$2 million loan may now have a 75 percent guaranty).
- **“Piggyback financing” has been reinstated.** A one time fee of 0.7 percent is imposed if SBA is subordinate to a lender's senior credit position. The fee will be calculated based on the amount of the lender's commercial loan.
- The popular *SBAExpress* program is now authorized for loans up to \$2 million.
- The on-going guarantee fee paid by the lender has been increased from 0.25 percent to 0.36 percent.
- Lenders are no longer permitted to retain 25 percent if the up-front guarantee fee on loans of \$150,000 or less.
- For questions or more information on these changes to the 7(a) program, please contact the Des Moines District Office at (515) 284-4522 Or the Cedar Rapids Branch Office at (319) 362-6405 ext. 221.

- End -